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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001005

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SUBJECT: KMT-PFP COOPERATION, CONFLICT OVER LEGISLATIVE  
NOMINATIONS

Classified By: AIT Deputy Director Robert S. Wang, Reason(s): 1.4 (B/D)

11. (U) Summary: The opposition KMT and PFP continue to grapple over sharing nominations for this December's legislative elections. Over the protests of its own would-be candidates, the KMT has been forced to compromise because it needs PFP cooperation to block a DPP bill crafted to derail Ma Ying-jeou's presidential campaign. Bargaining has begun in earnest, but there will be plenty of opportunities before December for the KMT-PFP rivalry to split the fragile pan-Blue coalition. End Summary.

KMT Gives A Little  
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12. (C) Kuomintang (KMT) and People First Party (PFP) leaders signed an agreement on April 20 outlining a joint nomination process for this December's Legislative Yuan (LY) elections. The agreement commits the KMT to nominate at least five PFP legislators for this year's district and at-large legislative elections. In districts with a PFP incumbent and no KMT incumbent, the PFP incumbent will receive the nomination, and vice versa. In districts where there are incumbents from both parties, a single candidate would be chosen based on the combined results of a party primary and public opinion polls.

But Only Because It Had To  
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13. (U) The KMT made this agreement under duress. The PFP had threatened to support a DPP bill that could have forced KMT candidate Ma Ying-jeou, who is on trial for allegedly misusing his Taipei mayoral budget, out of the presidential race. The DPP legislation, dubbed the "Ma Exclusion Bill," would amend existing electoral laws to preclude anyone convicted of corruption in the first trial from competing in any election. (Note: In Taiwan's three-trial system, a conviction is not "final" until after the third guilty verdict. Current campaign laws do not exclude a candidate until then. End note.)

14. (C) On April 17, PFP legislators failed to attend the LY Procedural Committee meeting, enabling the DPP to use its temporary majority to put the "Ma Exclusion Bill" on the LY agenda. PFP legislator and executive policy director Daniel

Hwang (Yih-jiao) told AIT that the PFP had informed the DPP in advance that its members would sit out the April 17 Procedural Committee vote. Without PFP cooperation, the KMT was unable to stop the "Ma Exclusion Bill" from making it onto the LY agenda.

15. (C) When the "Ma Exclusion Bill" was sent to the LY floor for consideration on April 20, however, PFP legislators cooperated with the KMT to block the bill, sending it back to the Procedural Committee. Hwang told AIT the PFP change was due to a KMT pledge to reach a nomination-sharing agreement within two weeks (by May 1). The two parties will meet today, May 3, to try to finalize a nomination sharing agreement under the PFP threat to once again allow the "Ma Exclusion Bill" to go forward in the LY.

#### Parties Inching Toward Bottom Line

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16. (C) Hwang told AIT the PFP will continue to publicly demand that the KMT cede 13 LY seats (10 district and three at-large seats), because PFP Chairman Soong feels "betrayed" by Ma's repudiation of a reported December 2006 promise to that effect. When pressed on his bottom line, however, Hwang admitted that the PFP could probably settle for a seven-plus-three arrangement. KMT legislator and Ma advisor Wu Yu-sheng, who is involved in the KMT-PFP nomination-sharing negotiations, told AIT that the most the KMT will give the PFP is seven (5 district and 2 at-large) spots. According to press reports, the KMT Standing Committee yesterday, May 2, agreed to concede six district seats to the PFP. A reported meeting between the two parties today, May 3, is intended to finalize cooperation. If this fails, Wu told AIT, continued PFP "blackmail" of the KMT

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could backfire on the PFP and cause pan-Blue voters to abandon the PFP altogether.

#### Comment

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17. (C) Pressure within the KMT to hoard nominations to itself is likely to grow. The KMT just completed the first phase of its three-phase legislative primary process and already two high-profile incumbents have been forced out of contention. One is challenging the legitimacy of the KMT's party primary system and the other vowed to run despite his defeat. Finalizing a KMT-PFP nomination-sharing agreement would help ensure KMT prospects for achieving an LY majority in December. Failure, on the other hand, could resurrect direct competition between the two parties and increase the prospects for once again splitting pan-Blue votes and giving additional LY seats to the ruling DPP.

YOUNG